



Supporting document of
FY2017 financial results

The Summary of Financial Results for FY2017

(April 1, 2016 through March 31, 2017)

The Chugoku Electric Power Co., Inc.

April 28, 2017

In this report, the term “Fiscal Year 2017” refers to the period between April 1, 2016 and March 31, 2017.

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I . FY2017 Financial Results

1. FY2017 Financial Results Summary

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(1) Consolidated

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,200.3	1,231.5	▲31.1	▲2.5%
Operating income	34.5	50.0	▲15.4	▲31.0%
Ordinary income	19.4	39.2	▲19.7	▲50.3%
Net income attributable to owners of the parent	11.3	27.1	▲15.7	▲58.2%

(Rounded down to the hundred million yen)

(2) Non-consolidated

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)
Operating revenues	1,121.7	1,150.5	▲28.7	▲2.5%
Operating income	28.8	39.6	▲10.8	▲27.3%
Ordinary income	16.1	31.3	▲15.1	▲48.4%
Net income	14.6	21.0	▲6.3	▲30.2%

(Rounded down to the hundred million yen)

2. Electricity Sales

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- Electricity sales were 57.25 billion kWh, up by 0.9% in comparison with the same period in the previous year.
- Lighting use increased in comparison with the same period in the previous year due to the increase in air-conditioning demand caused by higher summer temperature and lower winter temperature, and others.
- Large-scale electricity increased in comparison with the same period in the previous year due to reasons such as the increase in “iron & steel” industries demand.

(billion kWh)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)
Total	57.25	56.72	0.53	0.9%
Low voltage	20.33	19.84	0.49	2.5%
Lighting	18.18	17.71	0.47	2.7%
Power	2.15	2.13	0.02	0.9%
High voltage and Extra-high voltage	36.92	36.88	0.04	0.1%
Commercial	10.27	10.42	▲0.15	▲1.5%
Industrial	26.65	26.46	0.19	0.7%
Large scale	22.60	22.23	0.37	1.7%
Chemical	2.69	2.64	0.05	2.0%
Iron & steel	5.83	5.65	0.18	3.4%
Machine	4.95	4.91	0.04	1.1%

Hiroshima city (°C)	2016										2017		
	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Average monthly temperature	10.4	16.2	20.3	23.3	27.7	29.3	25.1	20.2	13.1	8.9	5.5	6.1	8.8
Difference from previous year	0.4	0.4	▲0.2	0.8	1.2	1.8	2.0	2.2	▲1.5	▲0.4	▲0.1	▲0.4	▲1.6
Difference from average year	1.3	1.5	1.0	0.3	0.6	1.1	0.7	1.9	0.6	1.4	0.3	0.1	▲0.3

3. Supply Capacity

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- Hydroelectric power of own facilities increased in comparison with the same period in the previous year due to the increased water flow.
- Thermal power of own facilities decreased due to reasons such as the increase in hydroelectric power and interchanged power and purchased power.
- Interchanged power and purchased power increased due to reasons such as the increase in photovoltaic power and the decrease in maintenance of other electric power companies' power plants.

(billion kWh)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Rate of change (A/B-1)
Supply Capacity	62.23	61.77	0.46	0.7%
Own facilities	39.75	40.07	▲0.32	▲0.8%
(Water Flow Rate)	(116.2%)	(106.8%)	(9.4%)	
Hydroelectric	3.88	3.45	0.43	12.5%
Thermal	35.86	36.61	▲0.75	▲2.0%
(Capacity Factor)	(—)	(—)	(—)	
Nuclear	—	—	—	—
New energy sources	0.01	0.01	▲0.00	▲2.2%
Interchanged power and purchased power	23.23	22.34	0.89	4.0%
Pumping use	▲0.75	▲0.64	▲0.11	19.1%

4. Income Statement < Consolidated >

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(1) Revenues

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Ordinary revenues	1,215.1 (1,136.5)	1,250.7 (1,169.8)	▲35.6 (▲33.3)	
Operating revenues	1,200.3 (1,121.7)	1,231.5 (1,150.5)	▲31.1 (▲28.7)	
from electric power operations	1,100.7	1,116.8	▲16.1	
Electricity sales	917.4	970.7	▲53.2	<ul style="list-style-type: none"> ▪ Decrease in revenue units ▲62.4 Decrease in fuel cost adjustment charges ▲95.0 Increase in renewable energy power promotion surcharge +33.3 ▪ Increase in electricity sales +9.2
Lighting	375.2	382.9	▲7.7	
Commercial & industrial	542.2	587.7	▲45.5	
Others	183.2	146.1	37.1	▪ Increase in grants on the act of renewable energy +30.7
from other operations	214.4 (21.0)	243.3 (33.6)	▲28.9 (▲12.6)	▪ Decrease in incidental businesses ▲12.6
Internal transaction in consolidated accounting	▲114.7	▲128.5	13.8	
Other revenues	14.7 (14.7)	19.1 (19.3)	▲4.4 (▲4.5)	

(※) Figures in parentheses () are Non-Consolidated.

(Rounded down to the hundred million yen)

(2) Expenses

(※) Figures in parentheses () are Non-Consolidated.

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Ordinary expenses	1,195.6 (1,120.3)	1,211.5 (1,138.5)	▲15.8 (▲18.1)	
Operating expenses	1,165.8 (1,092.9)	1,181.5 (1,110.8)	▲15.6 (▲17.8)	
from electric power operations	1,072.9	1,078.1	▲5.1	
Personnel	99.3	99.4	▲0.0	
Material	486.2	515.0	▲28.7	<ul style="list-style-type: none"> ▪ Higher yen rate ▲27.6 ▪ Increase in capacity factor of coal power plants ▲11.8 ▪ Lower unit price of stored fuel ▲10.0 ▪ Lower CIF price ▲9.5 ▪ Increase in hydroelectric power ▲4.0 ▪ Increase in electricity sales +5.1 ▪ Increase in purchase of renewable energy, etc. +29.1
Fuel	183.4	239.3	▲55.9	
Purchased power	302.8	275.6	27.1	
Maintenance	98.8	98.1	0.6	
Depreciation	92.4	94.2	▲1.8	
Nuclear power back- end	5.0	5.6	▲0.6	
Others	291.1	265.5	25.6	<ul style="list-style-type: none"> ▪ Increase in payments of the levy on the act of renewable energy +33.3 ▪ Decrease in commission expenses ▲7.3
from other operations	206.8 (19.9)	230.8 (32.7)	▲24.0 (▲12.7)	<ul style="list-style-type: none"> ▪ Decrease in incidental businesses ▲12.7
Internal transaction in consolidated accounting	▲113.9	▲127.3	13.4	
Other expenses	29.7 (27.4)	29.9 (27.6)	▲0.1 (▲0.2)	
Interests	(20.2)	(21.8)	(▲1.6)	

(Rounded down to the hundred million yen)

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(3) Income, etc.

(billion yen)

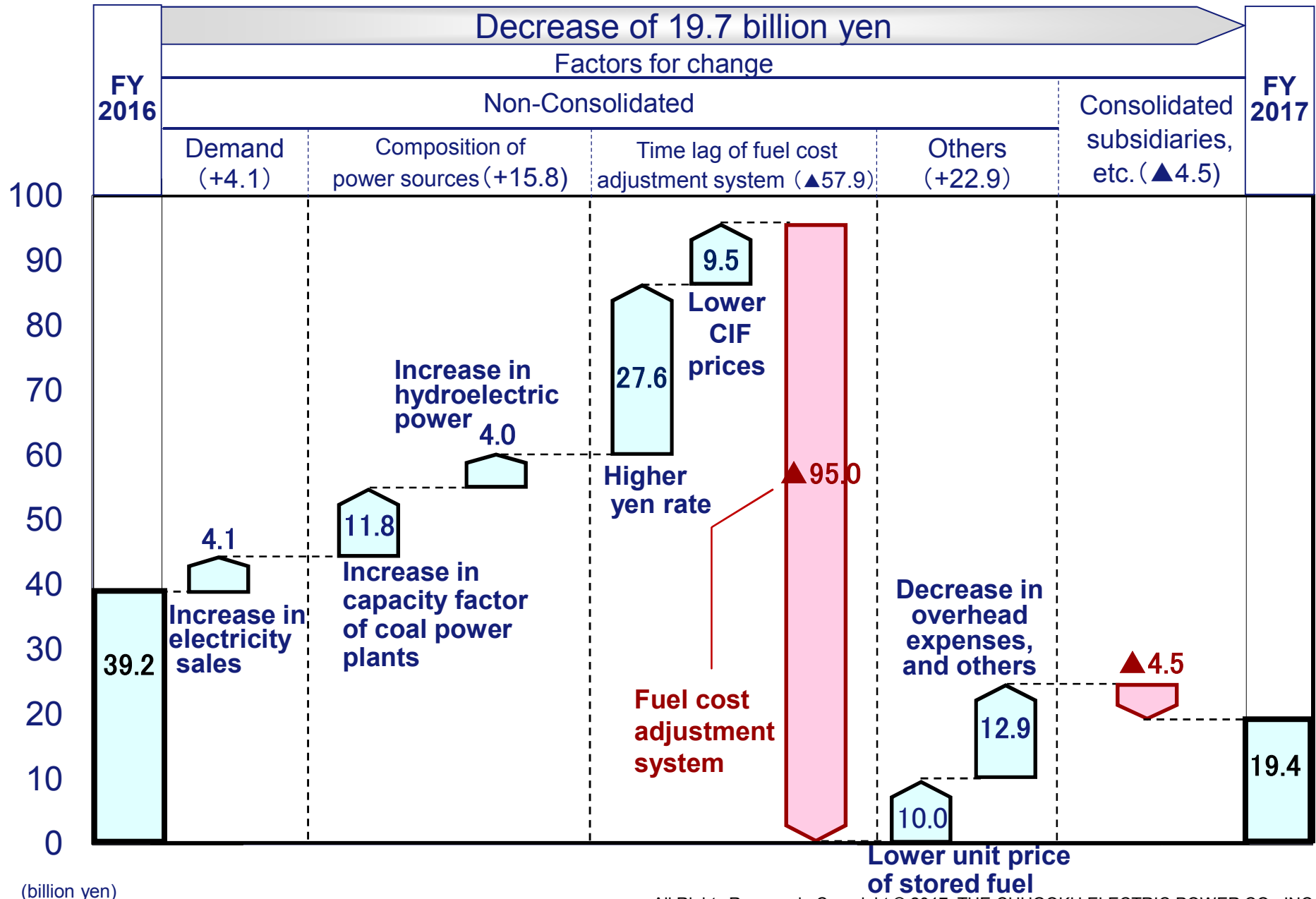
	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Operating income	34.5 (28.8)	50.0 (39.6)	▲15.4 (▲10.8)	
Ordinary income	19.4 (16.1)	39.2 (31.3)	▲19.7 (▲15.1)	
Provision for drought	0.7	▲0.4	1.2	
Provision for depreciation of nuclear power plant	2.7	4.5	▲1.7	
Extraordinary income	— (4.6)	6.2 (2.7)	▲6.2 (1.9)	
Income taxes, etc.	4.5 (2.6)	14.3 (9.0)	▲9.7 (▲6.3)	
Net income	11.3 (14.6)	27.1 (21.0)	▲15.7 (▲6.3)	

Due to partial sales of the shares
of CHUDENKO CORPORATION

(※) Figures in parentheses () are Non-Consolidated.

(Rounded down to the hundred million yen)

5. Factors for change in Ordinary income < Consolidated >



6. Major Factors

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■ Major Factors (Non-Consolidated)

	FY2017 (A)	FY2016 (B)	Difference (A-B)
Exchange rate (¥ / \$)	108	120	▲12
Crude oil prices (All Japan CIF) (\$ / b)	47.5	48.8	▲1.3
Foreign coal prices (All Japan CIF) (\$ / t)	80.7	75.4	5.3

■ Financial impact (Sensitivity) (Non-Consolidated) (billion yen)

		FY2017
Exchange rate	(¥ 1 / \$)	2.3
Crude oil prices (All Japan CIF)	(\$ 1 / b)	2.4
Water flow rate	(1%)	0.3
Nuclear capacity factor	(1%)	0.5

7. Balance Sheet < Consolidated >

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(※) Figures in parentheses () are Non-Consolidated .

(billion yen)

	End of FY2017 (A)	End of FY2016 (B)	Difference (A-B)	Breakdown
Assets	3,100.7 (2,875.7)	3,070.9 (2,840.1)	29.8 (35.6)	
Electric utility fixed assets	1,316.6 (1,355.7)	1,334.1 (1,374.9)	▲17.4 (▲19.1)	<ul style="list-style-type: none"> ▪ Asset capitalization +79.1 ▪ Depreciation ▲92.4 (Accumulated depreciation rate 77.8%) ▪ Retirement, etc. ▲5.7
Construction in progress	771.9 (779.7)	728.3 (723.5)	43.6 (56.1)	
Liabilities	2,519.5 (2,457.0)	2,462.4 (2,396.6)	57.1 (60.3)	
Interest-bearing debt	2,053.2 (2,015.2)	1,950.3 (1,918.5)	102.9 (96.7)	
Provision for depreciation of nuclear power plant	80.3 (80.3)	77.5 (77.5)	2.7 (2.7)	
Total net assets	581.1 (418.7)	608.5 (443.4)	▲27.3 (▲24.7)	<ul style="list-style-type: none"> ▪ Repurchase of own shares from the market ▲23.5
Shareholders' equity ratio	18.6% (14.6%)	19.7% (15.6%)	▲1.1% (▲1.0%)	

(Rounded down to the hundred million yen)

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8.Application of Free Cash Flow <Consolidated>

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(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Cash Flow form Operating Activities	96.0	147.9	▲51.9	
Cash Flow from Investing Activities	▲147.7	▲194.6	46.8	
Free Cash Flow	▲51.7	▲46.7	▲5.0	
Cash Flow from Financing Activities	58.6	▲51.0	109.6	
Cash and Cash Equivalents (increase and decrease)	6.7	▲98.1		

(Rounded down to the hundred million yen)

(1) Comprehensive Energy Supply Business ※ (billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Operating revenues	35.4	43.7	▲8.2	▪Decrease in LNG sales business
Operating income	2.0	3.6	▲1.5	

(Rounded down to the hundred million yen)

(※) Comprehensive Energy Supply Business is run by The Chugoku Electric Power Company, Energia Solution and Service Company, and Power Engineering and Training Service excluding transactions among them .

(2) Information & Telecommunication Business (billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Operating revenues	41.1	40.3	0.8	
Operating income	2.7	4.6	▲1.8	▪Increase in commission expenses

(Rounded down to the hundred million yen)

Ⅱ . Performance Outlook for FY2018 Dividends

- We expect that both consolidated and non- consolidated operating revenues increase, for the reason of the increase in electricity sales revenue due to the effect of the time lag of fuel cost adjustment system resulted from the increase in fuel prices.

- As we cannot formulate reasonable cost forecasts of electrical power supply/demand, the forecasts of operating, ordinary, and net income cannot be announced at this time.

We shall provide prompt notification as soon as it is possible to announce our earnings forecast.

2. Summary of Performance Outlook

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(1) Consolidated

(billion yen)

	FY2018 (Forecasts) (A)	FY2017 (B)	Difference (A-B)
Operating revenues	1,282.0	1,200.3	81.6
Operating income	—	34.5	—
Ordinary income	—	19.4	—
Net income attributable to owners of the parent	—	11.3	—

(2) Non-consolidated

(billion yen)

	FY2018 (Forecasts) (A)	FY2017 (B)	Difference (A-B)
Operating revenues	1,200.0	1,121.7	78.2
Operating income	—	28.8	—
Ordinary income	—	16.1	—
Net income	—	14.6	—

■ Major Factors (Non-Consolidated)

		FY2018 (Forecasts)	FY2017
Electricity sales	(billion kWh)	56.2	57.25
Exchange rate	(¥ / \$)	115	108
Crude oil prices (All Japan CIF)	(\$ / b)	60	47.5

- We have continued stable dividends of ¥50 per share, based on our dividend policy “constant nominal payment”, in consideration of medium-and-long term viewpoint.
- Based on our dividend policy above, we have paid out ¥25 per share as the interim dividends to our shareholders and is planning to pay out ¥25 as the year-end dividends of FY2017(annual dividends of ¥50 per share of FY2017).
- As we cannot foresee our business environment, the forecasts of the interim and the year-end dividends of FY2018 cannot be announced at this time.

< Dividends > (yen per share)

	FY2018	FY2017
Interim	Undecided	25
Year-end	Undecided	25
Total	Undecided	50

Ⅲ. Appendix

1. Operating revenues < Non-Consolidated >

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(1) Personnel

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Total	99.3	99.4	▲0.0	
Retirement allowances	2.8	1.7	1.1	•Increase in actuarial difference depreciation +2.2

(Rounded down to the hundred million yen)

Actuarial Difference

(billion yen)

	Recorded amount	FY2016 amount of amortization	FY2017		
			Amount of amortization	Balance of non-amortization	Non-amortization years
FY2011	0.1	0.0	—	—	—
FY2012	▲0.1	▲0.0	▲0.0	—	—
FY2013	4.7	0.9	0.9	0.9	1
FY2014	12.2	2.4	2.4	4.9	2
FY2015	8.9	1.7	1.7	5.3	3
FY2016	▲11.0	—	▲2.2	▲8.8	4
FY2017	2.9	—	—	2.9	5
Total		5.2	2.9	5.3	—

(※) Amortize for five years from next recorded year

(Rounded down to the hundred million yen)

(2) Maintenance

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Total	98.8	98.1	0.6	
Power source	43.3	48.9	▲5.5	·Decrease in thermal power ▲8.7
Electric power transport	52.6	46.5	6.1	·Increase in distribution +5.5
Others	2.7	2.6	0.0	

(Rounded down to the hundred million yen)

(3) Depreciation

(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)	Breakdown
Total	92.4	94.2	▲1.8	
Power source	35.7	36.1	▲0.3	
Electric power transport	48.7	49.4	▲0.7	
Others	7.9	8.6	▲0.7	

(Rounded down to the hundred million yen)

2. Procurement and Consumption of Fuel (in-house)

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(1) Procurement volume

	Unit	FY2017 (A)	FY2016 (B)	Difference (A-B)
Fuel oil ※1	million liters	1,010	1,090	▲80
Crude oil	million liters	150	320	▲170
Coal ※2	thousand tons	6,240	6,370	▲130
LNG ※2	thousand tons	2,250	2,510	▲260

※1 : Internal combustion power plant included

※2 : Sales included

(2) Consumption volume

	Unit	FY2017 (A)	FY2016 (B)	Difference (A-B)
Fuel oil ※3	million liters	1,000	1,150	▲150
Crude oil	million liters	190	320	▲130
Coal	thousand tons	5,900	5,570	330
LNG	thousand tons	1,950	2,090	▲140

※3 : Internal combustion power plant included

3. Capital Expenditure < Non-Consolidated >

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(billion yen)

	FY2017 (A)	FY2016 (B)	Difference (A-B)
Total	152.9	185.9	▲33.0
Power Source	87.2	121.7	▲34.4
Electric Power Transport	51.1	50.0	1.0
Transmission	17.8	15.5	2.3
Transformation	12.2	13.7	▲1.4
Distribution	20.9	20.7	0.1
Nuclear Fuel	10.0	8.5	1.5
Others	4.4	5.6	▲1.2

(※) Incidental Business Facilities Excluded

(Rounded down to the hundred million yen)

4. Interest-bearing debt and Interest Rate <Non-Consolidated> 20

(1) Breakdown of Interest-bearing debt

(billion yen)

	End of FY2017 (A)	End of FY2016 (B)	Difference (A-B)
Interest-bearing debt	2,015.2	1,918.5	96.7
Corporate bond	946.9	949.9	▲3.0
Long-term debt	985.2	894.5	90.7
Short-term debt	83.0	74.0	9.0
CP	—	—	—

(Rounded down to the hundred million yen)

(2) Interest Rate

	FY2017	FY2016
Average	1.08%	1.18%
End of period	0.93%	1.14%

5. Diffusion Rate of Completely Electrical Housing and Electric Water Heater

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	Unit	FY2014	FY2015	FY2016	FY2017
Completely electrical housing introduced		43	38	33	30
Newly-constructed	Number of housing (thousands)	21	20	18	18
Remodeled ※1		22	18	15	13
The ratio of newly constructed electrical Housing	%	47.1	46.1	45.1	42.2
Single homes	%	77.8	74.0	75.5 ※2	73.7
Housing complexes	%	13.7	14.4	13.0	10.9
Household diffusion rate of completely electric homes	%	18.5	19.6	20.4	21.3
Electric water heater sales	thousands	56	52	51	43
“Ecocute”		46	43	43 ※2	37
The diffusion rate of electric water heater	%	27.4	28.2	28.9	29.5
Electric Water Heater Contract Accounts (accumulated total)	Number of accounts (thousands)	897	929	957	983

(※1) "Remodeled" includes homes which were converted to all-electric by the replacement only of hot-water supply equipment and kitchen equipment.

(※2) Figures are as of the end of February, 2017.

(※3) Total amounts may not agree due to rounding off.

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**For Questions or Comments,
Please Contact the Investor Relations Section
at the Address Below :**

**4-33 , Komachi, Naka-ku,
Hiroshima 730-8701
Japan**

**The Chugoku Electric Power Co., Inc.
Corporate Planning Division**

F A X : +81 82 544 2792

E-mail: ir@inet.energia.co.jp